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SF-113

FMNP Policy Memorandum: 94-1 (Revised)
Fiscal Year 1994 Allocation of Farmers' Market Nutrition Program (FMNP)
Expansion Funds and New State Grant Amounts

Regional Directors
Supplemental Food Programs
All Regions

This is to provide you with information concerning the Fiscal Year 1994 allocation of expansion funds for current FMNP States and the allocation of funds for new FMNP States. As you know, this is the last year of operation of the FMNP under current authorizing legislation. As such, we did not make significant changes to our previous funding strategies. We will be reviewing and possibly revising funding methodologies next year under new authorizing legislation. Charts are attached delineating the allocation of these funds.

Division of Funds Available

The total amount of FMNP funds appropriated by Congress for Fiscal Year 1994 was \$5.5 million. The total amount of unspent funds from Fiscal Year 1993 was \$88,200, which resulted in total available funds of \$5,588,200. As required by Pub. L. 102-314, the first priority for these funds was to fund currently participating States at their most recent fiscal year's grant level. After funding current States, \$2,338,378 remained available for allocation. The law allows us to determine, based on a range of 45-55 percent, the proportion of funds to be used to support expansion requests from current States and to initiate new States. We decided to allocate the \$2,338,378 evenly between expansion requests from current States and for initiation of new States, providing approximately \$1.170 million to each category.

Allocation of Expansion Funds for Current States

The amount of funds made available this year to distribute for expansion (\$1.170 million) represents a substantial increase over prior years. The law required us to consider at a minimum, the following three factors in determining the amount of funds awarded to current States for expansion: amount of unspent funds from the prior fiscal year; need for an increase in participation; and, ability to satisfactorily manage the program. Upon review of these three factors in relation to the reality of each State's situation, we realized that there were limitations involved in utilizing the factors with respect to expansion requests.

In addressing the first factor, "amount of unspent funds from the prior fiscal year", we established a regulatory "performance standard" in the FMNP interim regulation, which requires a State agency to spend at least 80 percent of its prior year Federal food grant (exclusive of carryforward funds) in order to be eligible for expansion funds. However, the regulations allow States that do not meet the performance standard to present documentation justifying why the standard was not met. Because our regulation stipulating this performance standard was not published prior to the date expansion requests were due, we chose not to hold States accountable. The second factor, "need for an increase in participation", and the third factor, "ability to satisfactorily manage the program", are inherently subjective.

As such, any methodology we applied did not seem to reasonably accommodate the needs of all States. We therefore decided to retain our current allocation method of using proportionate shares to distribute funds. In retaining the current method of allocation, we are providing a simple and formulaic approach which provides each State with a reasonable increase.

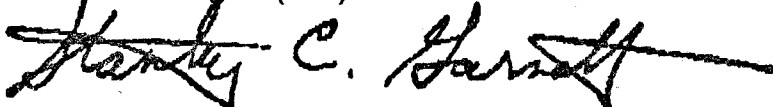
Allocation of Funds for New State Agencies

All approved State Plans for new State agencies were funded. All States with requests of less than \$50,000 received the amount of funds requested. All States with requests above \$50,000 received a prorata reduction to their request. On average, States that requested more than \$50,000 received about 75 percent of the amount of funds requested. We used a \$50,000 threshold because Pub. L. 102-314 identifies this amount as the minimum funding level a State can receive if funding reductions become necessary, unless the State requested a lower amount.

Additional 2 Percent Administrative Allowance

We have reviewed currently participating States' requests for the 17 percent administrative funding level. Based on our review, all States submitting justification have been approved for the 17 percent level for Fiscal Year 1994.

If you have questions concerning this memorandum, please contact Debbie Whitford or Debra Utting at (703) 305-2730.



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Attachments

cc: Regional Financial Management Directors
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